

**TESTIMONY OF JAMES F. DUNN  
PRESIDENT, ALDERHOUSE RESIDENTIAL COMMUNITIES, INC.  
ON THE REPORT OF THE INTERAGENCY COUNCIL ON AFFORDABLE HOUSING TO ESTABLISH A  
DEPARTMENT OF HOUSING**

I am James Dunn, President of Alderhouse Residential Communities, Inc. We are a 501(c)(3) housing developer based in Middletown but we work throughout the State of Connecticut. We have developed affordable housing projects in New Britain, New Haven, East Haven, New London, Middletown, Danbury and New Milford. We have been involved in projects ranging from the rehabilitation of vacant 1 and 2-family homes for ownership, to new construction of multifamily developments, to the rehabilitation of long vacant mixed use buildings in urban downtowns. So we have experience in dealing with a variety of housing types and a range of funding and financing offerings available from the State.

First, I want to congratulate the Governor and the General Assembly for recognizing that Housing is important enough to our future as a State to warrant its own Department. For about a decade, since the merger of the Department of Housing and Department of Economic Development, the Housing side of the house has always seemed to get short shrift. Thank you for recognizing again that Housing is vital to our future and deserves to be given this kind of priority. I want to thank the members of the Inter-agency council for their efforts to bring this new agency into being. Its proposal is a good first step. But I think this proposal misses a chance to be a great step to dramatically alter the way we "do housing" for the better because it is in many respects too timid. What we really need is to create a new agency that is empowered to look at projects from a different point of view, with an eye toward getting new units into production. And that means having the ability to work as a partner in identifying how a project will best work, how the state should best participate not only from the perspective of DoH but how should CHFA's financing and tax credit programs fit into the deal. Should a relatively modest program like the Housing Tax Credit Contribution program, which is very flexible but very modest at a maximum of \$500,000 per project, best be used to fill a tiny gap in a \$10 million project which can probably handle a small increase in debt, or are those funds better used to finance rehabilitation of 2 or 3 1 and 2-family buildings for home ownership for which few other sources exist? Or would it be better addressed through some combination of increases in debt and other state grants? And rather than having individual application processes for Low Income Housing Tax Credits, State Housing Tax Credits, CHAMP funding, Home grants and whatever else is out there, DoH ought to be empowered to accept a single application for the PROJECT, then mix and match the state funding sources as appropriate be they LIHTC from CHFA, CHAMPS Funds or Housing Trust Funds from DoH, or RAP certificate or other sources. This would be a dramatic change from the traditional way we have done business in Connecticut. But DECD ought to be a one-stop shop for the State's project participation, not one of the stops a developer has to make and compete for funds to develop a project. The fundamental change is to take a view that focuses on getting projects done. Because for an organization like ours, who doesn't follow a "cookie cutter approach" to its projects,—that simply doesn't work in Downtown New Britain or on Sperry Street in New Haven, or in converting an old school to senior citizen housing in East Haven-- it would be great to have a single point of contact, a single application, and feedback from a single point on how to move forward with a project. In point of fact, the State through one of its various sources, is going to be a partner in almost all affordable housing development. So it really makes sense from its point of view to have input early in the process too. That way it can insure that the State's funds are being used most effectively from the State's perspective. We developers don't really care where the funds come from as long as the project works. But the State agency overseeing the funding should care and should be in a position to direct where funds come from. So it makes sense for them to look at our pro formas and say "Well, this project would work better for the State if we replaced the \$400,000 in HTCC funding with \$200,000 in CHAMP grants and a \$200,000 low interest loan because the project can afford it, and the HTCC funds will be better used to rehabilitate 2 houses in New London."

The goal ought to be to have a process that is straight forward and geared toward insuring production in a timely, effective way. It needs to be creative, it needs to show flexibility and it needs to have the ability to interact effectively with other state entities, like CHFA to insure that both are working hand in glove to get projects funded and carried out. I'm not sure how the new Agency is going to bring about, in the words of the report, "the implementation of a unified approach to state financing for affordable housing that brings together all housing resources in the state" unless it has the ability to direct or at least establish priorities, to some degree for those resource. In the current arrangement that doesn't happen very often or very well. I don't see much in the proposed Department of Housing structure that changes things.

Finally, I just want to say that this is a move in the right direction. It is a good idea. But it seems we have missed an opportunity to do something great and something that will move Connecticut to the forefront of public sector participation in housing production.

Thank you.